Mailing address:
Location:
Financial Conditions Division
P. O. Box 50540
Charleston, WV 25305-0540
Location:
Financial Conditions Division
1124 Smith Street
Charleston, WV 25301

MANAGING GENERAL AGENT Licensing Instructions

No person may act in the capacity of a Managing General Agent (hereafter MGA) with respect to risks located in this State for an insurer licensed in this State unless the person holds a valid West Virginia producer license and appointment authorizing the producer to sell the applicable kinds of insurance and unless licensed with the Insurance Commissioner as a Managing General Agent pursuant to West Virginia Code Section § 33-37-2. No person may act in the capacity of a Managing General Agent representing an insurer domiciled in this State with respect to risks located outside this State unless the person holds a valid West Virginia producer license in this State and unless licensed with the Insurance Commissioner as a Managing General Agent.

A MGA is defined as:

Any person, firm, association or corporation who:

- (1) Manages all or part of the insurance business of an insurer (including the management of a separate division, department or underwriting office); and
- (2) Acts as an agent for such insurer whether known as a Managing General Agent, manager or other similar term who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with one or more of the following activities related to the business produced:
- (A) Adjusts or pays claims in excess of ten thousand dollars per claim; or
- (B) Negotiates reinsurance on behalf of the insurer.

West Virginia Code Section § 33-37-2 also gives the Insurance Commissioner the authority to require a bond and an errors and omissions policy of a Managing General Agent. While reserving the right hereafter on an individual basis to consider and establish the amount of any bond and the need for an errors and omissions policy, the Insurance Commissioner will presently accept as sufficient under this Code section the bonding and errors and omissions coverage required by an insurer of its Managing General Agent. A copy of the insurer's bond and errors and omissions requirements and proof that the Managing General Agent has obtained and maintained the required bond and errors and omissions coverage must be filed with the application.

License Filing Requirements

The following must be submitted to and approved by the Insurance Commissioner in order to obtain a license to act as a MGA in the State of West Virginia:

- 1) A completed MGA License Application. (Agency Producers complete Form MGA-1. Individual Producers complete Form MGA-2.)
- 2) A \$500.00 non-refundable application fee. (Annual license renewal fee is \$200.00)
- 3) A copy of each insurer's bond and errors and omissions requirements.
- 4) Evidence that the MGA has obtained the bond and errors and omissions coverages required by each insurer.
- 5) A list of the names and addresses of all insurers doing business in the State of West Virginia with which the producer has a contract to act or for whom the producer acts as an MGA.
- 6) A copy of the written contract in force with each insurer doing business in the State of West Virginia with which the producer has a contract to act or for whom the producer acts as an MGA
- 7) A completed MGA Contract Review Form for each contract submitted.

Required Contract Provisions

No MGA may place business with an insurer unless there is in force a written contract between the parties which sets forth the responsibilities of each party and specifies the division of common or shared responsibilities. The contract shall contain the minimum provisions of West Virginia Code Section § 33-37-3 as follows:

- 1) **Termination**. The insurer may terminate the contract for cause upon written notice to the MGA. The insurer may suspend the underwriting authority of the MGA during the pendency of any dispute regarding the cause for termination. However, the suspension of a MGA does not relieve the MGA of the responsibility to service business in existence at the time of suspension.
- 2) **Accounting**. The MGA will render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis.
- 3) **Fiduciary Accounts**. All funds collected for the account of an insurer must be held by the MGA in a fiduciary capacity with a FDIC insured financial institution. This account must be used for all payments on behalf of the insurer. The MGA may retain no more than three months' estimated claims payments and allocated loss adjustment expenses.
- 4) **Records**. Separate records of business written by the MGA shall be maintained. The insurer shall have access and may copy all accounts and records related to its business in a form usable by the insurer. The Commissioner shall have access to all books, bank accounts and records of the MGA in a form usable to the Commissioner.
- 5) Nonassignable. The contract may not be assigned in whole or in part by the MGA.
- 6) Underwriting Guidelines. The contract must include appropriate underwriting guidelines including:
 - a) The maximum annual premium volume.
 - b) The basis of the rates to be charged.
 - c) The types of risks that may be written.
 - d) Maximum limits of liability.
 - e) Applicable exclusions.
 - f) Territorial limitations.
 - g) Policy cancellation provisions.
 - h) The maximum policy period.

The insurer shall have the right to cancel or to not renew any policy of insurance subject to all applicable laws and rules regarding the cancellation and nonrenewal of insurance policies.

- 7) **Settlement authority**. If the contract permits the MGA to settle claims on behalf of the insurer:
 - a) All claims must be reported to the insurer in a timely manner.
 - b) A copy of the claim file will be sent to the insurer at its request or as soon as it becomes known that the claim:
 - i) Has the potential to exceed an amount determined by the Commissioner or exceeds the limit set by the insurer, whichever is less.
 - ii) Involves a coverage dispute.
 - iii) May exceed the MGA's claims settlement authority.
 - iv) Is open for more than six months; or
 - Is closed by payment of an amount set by the Commissioner or an amount set by the company, whichever is less.
 - c) All claim files will be the joint property of the insurer and MGA. However, upon an order of liquidation of the insurer, the files shall become the sole property of the insurer or its estate. The MGA shall have reasonable access to and may copy the files on a timely basis.
 - d) Any settlement authority granted to the MGA may be terminated for cause upon the insurer's written notice to the MGA or upon the termination of the contract. The insurer may suspend the settlement authority during the pendency of any dispute regarding the cause for termination.

- 8) **Transmission**. Where electronic claims files are in existence, the contract must address the timely transmission of the data contained in the files.
- 9) **Interim profits**. If the contract provides for a sharing of interim profits by the MGA and the MGA has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments or in any other manner, interim profits will not be paid to the MGA until one year after they are earned for property insurance business and five years after they are earned on casualty business and not until the profits have been verified pursuant to W. Va. Code § 33-37-4.
- 10) **Advertising**. The MGA may use only advertising material pertaining to the business issued by an insurer that has been approved in writing by the insurer in advance of its use.

11) **Prohibitions**. The MGA may not:

- a) Bind reinsurance or retrocessions on behalf of the insurer, except that the MGA may bind facultative reinsurance contracts pursuant to obligatory facultative agreements if the contract with the insurer contains reinsurance underwriting guidelines including, for both reinsurance assumed and ceded, a list of reinsurers with which such automatic agreements are in effect, the coverages and amounts or percentages that may be reinsured and commission schedules.
- b) Commit the insurer to participate in insurance or reinsurance syndicates.
- c) Appoint any individual insurance producer without assuring that the individual insurance producer is lawfully licensed in this State to transact the kind of insurance for which the producer is appointed.
- d) Without prior approval of the insurer, pay or commit the insurer to pay a claim over an amount specified by the insurer, net of reinsurance, which shall not exceed one percent of the insurer's policyholder surplus as of December 31st of the last completed calendar year.
- e) Collect any payment from a reinsurer or commit the insurer to any claim settlement with a reinsurer without prior approval of the insurer. If prior approval is given, a report must be promptly forwarded to the insurer.
- f) Except as provided in W.Va. Code § 33-37-4(g), permit its sub-producer to serve on the insurer's board of directors;
- g) Jointly employ an individual who is employed with the insurer.
- h) Appoint a sub-Managing General Agent.

Renewal of License

Between the first day of May and the first day of June, every licensed Managing General Agent shall remit to the Commissioner a nonrefundable annual renewal fee in the amount of \$200.00 and submit a completed license application form as prescribed by the Commissioner. Each license expires at midnight on the thirtieth day of June next following the date of issuance.

Non-renewal of License

A license to act as a MGA in the State of West Virginia may be non-renewed when the Commissioner receives notification of termination of the contract from the insurer pursuant to W.Va. Code § 33-37-4(e).

Questions

Access West Virginia Code at http://www.legis.state.wv.us/legishp.html
E-mail Financial Conditions Division at: Financial.Conditions@wvinsurance.gov; or phone at (304) 558-2100

Mailing Address:	Location:
Financial Conditions Division	Financial Conditions Division
PO Box 50540	1124 Smith Street
Charleston WV 25305-0540	Charleston WV 25301

MANAGING GENERAL AGENT (MGA) License Application – Agency Producer

Foreign Corporations (W. Va. Code § 31d-15-1501 et seq.), Foreign Limited partnerships (W. Va. Code § 47-9-49), Foreign Limited Liability Companies (W. Va. Code § 31B-10-1001 et seq.), or Limited Liability Partnerships (W. Va. Code § 47B-10-4) must apply to the West Virginia Secretary of State for authority to do business in the State of West Virginia. You may not operate as an MGA or otherwise engage in the business of insurance under any name other than the name the organization is licensed under in West Virginia, or your own individual name.

1)	Name of MGA Organization:
2)	FEIN:
3)	Business Address:
-/	
4)	MGA Contact Name:
	Title: Telephone Number: E-mail Address:
5)	Licensed Producer's Name:
6)	WV License #:
7)	List insurer(s) for which you act as MGA (include mailing addresses and NAIC #): a)
	b)
	c)
	c)
	(Attach additional sheet(s) if required)
8)	State duties expected to perform for insurer(s) listed in #7:
9)	List Kinds of insurance expected to sell for insurer(s) listed in #7:

10)		ver been the subject of a disciplinary action	director, or an organization with which the business entity was on by an insurance regulatory agency or any other professional
	neensing ago	Yes No	
	a) a writtb) a certi	fied copy of the Notice of Hearing or char	se and explaining the circumstances of each incident: rging document which states the charges or allegations; and demonstrates the resolution of the charges or final judgment.
11)		ver been charged for, or convicted of, plea	director, or an organization with which the business entity was ad nolo contender to, a felony or misdemeanor (exclude minor
	a) a writtb) a certi	enst attach to this application: en statement explaining the circumstance fied copy of the charging document; and ified copy of the official document which	s of each incident; demonstrates the resolution of the charges or final judgment.
12)	associated a		rector, or an organization with which the business entity was buit or arbitration proceeding involving allegations of fraud, eation or breach of fiduciary duty?
	a) a writtb) a certi	en statement explaining the circumstance fied copy of the charging document; and fied copy of the official document which of	s of each incident; demonstrates the resolution of the charges or final judgment.
contr	act(s) contain		orce with the insurer(s) listed in Item #8, and that the y W. Va. Code § 33-37-3, and that the contract(s) contain(s)
	her certify th ll and void.	at in the event any provisions are found	to be contrary to West Virginia law, those provisions will
			Signature (of Person listed in Item #4)
			Type or Print Name
			Title
			Name of MGA Organization
Retur	F F	WV Offices of the Insurance Commissioner Financial Conditions Division PO Box 50540 Charleston WV 25305-0540	Date

Questions

Access West Virginia Code at: http://www.legis.state.wv.us/legishp.html
E-mail Financial Conditions Division at: Financial.Conditions@wvinsurance.gov; or phone at (304)558-2100

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Herewith submitted are the following documents:
1) MGA License Application – Individual Producer (Form MGA-2)
2) New applicants remit a \$500.00 license application fee. Renewal applicants remit a \$200.00 annual License renewal fee.
3) A copy of the insurer's bond and errors and omissions requirements.
4) Proof that the MGA has obtained the bond and errors and omissions coverage required by the insurer.
A list of the names and addresses of all insurers doing business in the State of West Virginia with which the producer has a contract to act or for whom the producer acts as an MGA.
A copy of the written contract in force with each insurer doing business in the State of West Virginia with which the producer has a contract to act or for whom the producer acts as an MGA.
7) A completed MGA Contract Review Form for each contract submitted.

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MANAGING GENERAL AGENT (MGA) License Application – Individual Producer

Foreign Corporations (W. Va. Code § 31d-15-1501 et seq.), Foreign Limited partnerships (W. Va. Code § 47-9-49), Foreign Limited Liability Companies (W. Va. Code § 31B-10-1001 et seq.), or Limited Liability Partnerships (W. Va. Code § 47B-10-4) must apply to the West Virginia Secretary of State for authority to do business in the State of West Virginia. You may not operate as an MGA or otherwise engage in the business of insurance under any name other than the name the organization is licensed under in West Virginia, or your own individual name.

1)	Licensed Producer's Name:
2)	WV License #:
3)	Residence Address:
3)	Testachee Fladress.
4)	Name of MGA Organization:
5)	MGA Contact Name:
	Telephone Number E-mail Address:
4)	Business Address:
5)	List insurers(s) for which you act as MGA (include mailing addresses and NAIC #): a)
	b)
	c)
	(Attach additional sheet(s) if necessary)
	(Tituell additional sheet(s) if necessary)
6)	State Duties expected to perform for insurer(s) listed in #5:
7)	List kinds of insurance expected to sell for insurer(s) listed in #5:

		ou or an organization with which you were associate regulatory agency or any other professional life. Yes	ciated, ever been the subject of a disciplinary action by an censing agency? No No
	a) a wb) a co	ertified copy of the Notice of Hearing or charging	and explaining the circumstances of each incident; and document which states the charges or allegations; and nonstrates the resolution of the charges or final judgment.
	-	ou or an organization with which you were associet to, a felony or misdemeanor (exclude minor to Yes	ciated, ever been charged for, or convicted of, plead nolo traffic violations)? No No
	a) a wb) a co	ou must attach to this application: rritten statement explaining the circumstances of ertified copy of the charging document; and ertified copy of the official document which der	f each incident; nonstrates the resolution of the charges or final judgment.
	arbitrati		ated, a party to, or been found liable in any law suit or isappropriation or conversion of funds, misrepresentation or
	a) a wb) a co	ou must attach to this application: rritten statement explaining the circumstances of ertified copy of the charging document; and ertified copy of the official document which der	f each incident; nonstrates the resolution of the charges or final judgment.
cont	ract(s) c		with the insurer(s) listed in Item #5, and that the by W. Va. Code § 33-37-3, and that the contract(s)
		tify that in the event any provisions are found and void.	d to be contrary to West Virginia law, those provisions
			Signature (of Person listed in Item #1)
			Type or Print Name
			Title
			Name of MGA Organization
			Date
Retu	ırn To:	WV Offices of the Insurance Commissioner Financial Conditions Division PO Box 50540 Charleston WV 25305-0540	

Questions

Access West Virginia Code at: http://www.legis.state.wv.us/legishp.html
E-mail Financial Conditions Division at: Financial.conditions@wvinsurance.gov; or phone at (304)558-2100

Herewith submitted a	re the f	ollowing	documents:
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1)	MGA License Application – Agency Producer (Form MGA-1)
2)	New applicants remit a \$500.00 license application fee. Renewal applicants remit a \$200.00 annual License renewal fee.
3)	A copy of the insurer's bond and errors and omissions requirements.
4)	Proof that the MGA has obtained the bond and errors and omissions coverage required by the insurer.
5)	A list of the names and addresses of all insurers doing business in the State of West Virginia with which the Producer has a contract to act or for whom the producer acts as an MGA.
6)	A copy of the written contract in force with each insurer doing business in the State of West Virginia with which The producer has a contract to act or for whom the producer acts as an MGA.
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MANAGING GENERAL AGENT CONTRACT REVIEW

This form is to be completed as part of the application process. The contract will be compared with the form and the applicant contacted if there are any questions or further clarification is needed.

This information is required pursuant to W. Va. Code § 33-37-3

Contract between____ and Dated: _____ Responsibilities Contract specifies division of any responsibilities shared by both parties. Contract cite: **Termination** Insurer may terminate contract upon written notice to MGA. Contract cite: Insurer may suspend MGA's underwriting authority while termination dispute is pending. Suspension does not relieve MGA of obligation to service existing business. Contract cite: Accounting MGA shall render accounts to insurer detailing all transactions and remit all funds due under contract on at least a monthly basis. Contract cite: **Fiduciary Accounts** All funds collected on behalf of insurer are to be held in fiduciary capacity in bank that is member of Federal Reserve System. Contract cite: Account will be used for all payments on behalf of insurer. Contract cite: MGA will not retain more that three months estimated claims payments and allocated loss adjustment expenses. Contract cite: Separate records of business will be maintained by MGA. Contract cite: Insurer has access and may copy all accounts and records related to its business in a form usable by the insurer. Contract cite: Commissioner has access to all books, bank accounts and records of MGA in a form usable to the Commissioner. Contract cite: **Underwriting guidelines.** Maximum annual premium volume Contract cite: Basis of rates to be charged Contract cite: Types of risks that may be written Contract cite: Maximum limits of liability Contract cite:

Applicable exclusions Contract cite:

Territorial limitations Contract cite:
Policy cancellation provisions Contract cite:
Maximum policy period Contract cite:
☐ Insurer has right to cancel or not renew any policy subject to all applicable laws and rules regarding the
cancellation and nonrenewal of insurance policies. Contract cite:
Settlement Authority (If contract permits MGA to settle claims on behalf of insurer)
All claims will be reported to insurer in timely manner. Contract cite:
Copy of claim file will be sent to insurer at its request or as soon as it becomes known that claim:
Has potential to exceed amount determined by Commissioner or exceeds the limit set by the insurer, whichever is less. Contract cite:
Involves a coverage dispute. Contract cite:
May exceed MGA's claim settlement authority. Contract cite:
Is open for more than 6 months. Contract cite:
Is closed by payment of an amount awarded as a result of a judicial proceeding or an amount set by
insurer, whichever is less. Contract cite:
<u></u>
All claim files are joint property of insurer and MGA Contract cite:
(Upon order of liquidation of insurer, files become sole property of insurer or its estate.)
MGA has reasonable access to files. Contract cite:
☐ MGA has reasonable access to files. Contract cite: ☐ Insurer may terminate settlement authority upon written notice or upon termination of contract.
Contract cite:
Insurer may suspend settlement authority while termination dispute is pending. Contract cite:
Upon termination of settlement authority MGA shall: Contract cite:
Desist from any draw on funds of insurer. Contract cite:
Immediately forward to insurer all claims files within MGA's immediate possession (and any
received thereafter).Contract cite:
Promptly transfer to insurer any funds owed to insurer or to any policyholder.
Contract cite: Promptly transfer to insurer any property of insurer within MGA's actual or constructive possession.
Contract cite:
Transmission
If electronic claims files exist - contract addresses timely data transmission. Contract cite:
<u>Interim profits</u> (If applicable)
Interims may not be paid until one year after earned for property; five years for casualty.
Contract cite: Interims may not be paid until verified by actuary. Contract cite:
Interims may not be paid until verified by actuary. Contract cite:
MGA may not:
Assign contract (in whole or part). Contract cite:
Bind reinsurance or retrocessions (except facultative agreement contract containing: Contract cite:
Bind remisurance of redocessions (except facultative agreement contract containing, contract ene:
Reinsurance underwriting guidelines for reinsurance assumed and ceded. Contract cite:
List of reinsurers with which automatic agreements are in effect. Contract cite:
Coverages and amounts or percentages that may be reinsured. Contract cite:
Commission schedules.) Contract cite:
Commit insurer to participate in insurance or reinsurance syndicates. Contract cite:

Use any producer without verifying producer is licensed in West Virginia for kind of insurance transacted.
Contract cite:
Collect any payment from reinsurer or commit insurer to any claim settlement with a reinsurer without prior
approval of insurer, and if prior approval is given, MGA will promptly forward report to insurer.
Contract cite:
Pay or commit insurer to pay a claim over amount specified by insurer, net or reinsurance, which may not
exceed 1% of insurer's policyholder surplus as of December 31 of preceding year.
Contract cite:
Use any producer on insurer's board. Contract cite:
Jointly employ any employee of insurer. Contract cite:
Assign any of its specific contractual duties to others. Contract cite: